

Security Deposits

What is a security deposit?

A security deposit or damage deposit is any required prepayment of rent other than the first month's rent. During the time that a tenant lives in a place, the landlord holds on to it, but it's the tenant's money (MCLA 554.601e). A landlord cannot request that a tenant waive their right to having the security deposit requirements included within the rental agreement (MCLA 554.606).

Are there limits to the amount of a security deposit?

Yes. By law, the total security deposit charged cannot be more than one and a half times the monthly rent (MCLA 554.602 Sec. 2).

How can landlords deduct from a tenant's security deposit?

Landlords can deduct from the security deposit for the following reasons only:

- unpaid rent
- unpaid utilities
- actual damages (MCLA 554.607 Sec. 7)

Damages to a rental unit must be the result of conduct not reasonably expected in the normal course of living.

How does a tenant get their security deposit back?

When a tenant moves into an apartment, the landlord is required to furnish the tenant with two blank copies of a commencement inventory checklist. The tenant is required to return a copy of the checklist to the landlord with seven days.

“At the termination of the occupancy, the landlord shall complete a termination inventory checklist listing all the damages he claims were caused by the tenant” (MCLA 554.608 Sec.8 (5)). Tenants should keep a copy for their records and use it to protect themselves from being held responsible for damage done by previous occupants.

“The tenant shall notify the landlord in writing within 4 days after termination of his occupancy of an address at which communications pursuant to this act may be received. Failure to comply with this requirement relieves the landlord of the requirement of notice of damages but does not prejudice a tenant's subsequent claim for the security deposit” (MCLA 554.611).

“In case of damage to the rental unit or other obligations against the security deposit, the landlord shall mail to the tenant, within 30 days after the termination of occupancy, an itemized list of damages claimed for which the security deposit may be used... including the estimated cost of repair of each property damaged item and the amounts and bases on which he intends to assess the tenant.” “The tenant must respond to this notice by mail within 7 days after the receipt of same otherwise you will forfeit the amount claimed for damages” (MCLA 554.609 Sec. 9).

“Failure by the landlord to comply with the Notice of Damages requirement within the 30 days after the termination of occupancy, constitutes agreement by the landlord that no damages are due and he shall remit to the tenant immediately the full security deposit” (MCLA 554.610 Sec. 10).

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